

its program budget (personnel and fringe benefits, travel, equipment and supplies, contractual, indirect charges, and other), including the costs of administering State-Federal cooperative agreements pursuant to § 211.75 of this title, and any aircraft which the agency proposes to acquire. The Director will use these budget summaries in preparing the Federal budget estimates which he is required to submit.

(b) Updated budget summary. For each fiscal year, the agency shall submit to the Director or his authorized designee a current program budget (personnel and fringe benefits, travel, equipment and supplies, contractual, indirect charges, and other) three months prior to the beginning of the Federal fiscal year for which a grant will be requested.

(c) *Allocation of funds.* (1) The Director shall allocate to the agencies the full amount requested and approved in the States' revised or actual budgets provided that the amount available in the Federal budget is sufficient.

(2) If the funds available for grants are insufficient to cover the total grant needs, including cooperative agreement grants, the Director shall allocate the funds available according to the proportion of each requested and approved agency's budget to the total of all agencies' requested and approved budgets.

(3) Allocation of a specific amount of funds to an agency does not assure that grants for that amount will be approved. Each agency must apply for and secure approval of grants in accordance with the requirements of this part.

(4) The Director shall reallocate any funds which are not requested by agencies as of June 1 of that year. Such funds shall be allocated primarily to those agencies which have received less than the allowable percentage of their eligible costs.

(5) Agencies which are allocated such additional funds may submit new or revised grant applications for the additional amounts on or before August 15, of that year.

[42 FR 62706, Dec. 13, 1977. Redesignated at 44 FR 15312, Mar. 13, 1979, and amended at 47 FR 38491, Aug. 31, 1982]

**§ 735.14 Coverage of grants.**

(a) *Program development grants.* An agency may use grant money under this part to cover the costs of developing—

(1) New or revised State laws, regulations, and procedures;

(2) Revised or expanded inspection systems;

(3) Training programs for inspectors and other personnel;

(4) New or revised organizational structures;

(5) Information and communications systems, including data processing systems;

(6) A planning process including a data base and information system to receive and act upon petitions to designate lands unsuitable for mining;

(7) An application for the initial administration and enforcement grant to the extent not covered by indirect costs or other cost items;

(8) Other components necessary to obtain an approved State program, as mutually agreed upon by the Director or his authorized designee and the agency receiving a grant.

(b) *Administration and enforcement grants.* An agency may use grant money under this part to cover the costs of—

(1) Administering an approved State regulatory program;

(2) Providing supporting and administrative services required by the State regulatory program;

(3) Providing equipment required for the regulatory program and its support, either through use charges or direct purchase. Equipment charges and purchases will be allowed in accordance with Federal Management Circular 74-4, "Cost principles applicable to grants and contracts with State and local governments," (34 CFR part 255) and Office of Management and Budget Circular No. A-102, "Uniform administrative requirements for grants-in-aid to State and local governments" (42 FR 45828).

**§ 735.15 Amount of grants.**

(a) *Amount of program development grants.* (1) For the first year of a program development grant the Director

or his authorized designee shall approve grants for not more than 80 percent of the total of agreed upon costs pursuant to § 735.14(a).

(2) For the second year of a program development grant the Director or his authorized designee shall approve grants for not more than 60 percent of the total agreed upon costs pursuant to § 735.14(a).

(3) For the third year and each following year of a program development grant the Director or his authorized designee shall approve grants for not more than 50 percent of the total agreed upon costs pursuant to § 735.14(a).

(b) *Amount of administration and enforcement grants.* (1) If no program development grant has been awarded, the Director or his authorized designee may approve the first administration and enforcement grant for not more than 80 percent of the agreed upon costs for administration and enforcement of the program.

(2) If a program development grant has been awarded for only 1 year, the Director or his authorized designee may approve an administration and enforcement grant for 60 percent of the agreed upon costs for administration and enforcement of the program.

(3) If a program development grant has been awarded for more than 1 year but less than 2 years, the Director or his authorized designee may approve the first administration and enforcement grant for 60 percent for that proportion remaining in the second year and for 50 percent for the proportion allocated to the third year.

(4) For the third and following years, the Director or his authorized designee may approve administration and enforcement grants for 50 percent of the agreed upon costs for administration and enforcement of the program.

(Secs. 201, 501, 503, 705, Pub. L. 95-87, 91 Stat. 450, 467, 470, 520 (30 U.S.C. 1211, 1251, 1253, 1295))

[42 FR 62706, Dec. 13, 1977. Redesignated at 44 FR 15312, Mar. 13, 1979, and amended at 45 FR 2804, Jan. 14, 1980]

#### § 735.16 Special provisions for States with cooperative agreements.

(a) *Eligibility.* The Director may approve additional grants to States which have cooperative agreements pursuant to § 211.75 of this title for State regulation of surface coal mining and reclamation operations on Federal lands. This includes—

(1) States which had cooperative agreements on August 3, 1977, which have been modified to comply with the initial regulatory program; and

(2) States which enter into cooperative agreements following approval of the State's regulatory program.

(b) *Coverage of grants.* An agency may use cooperative agreement grants to carry out the functions assigned to the State under the agreement.

(c) *Amounts of grants.* The Director or his authorized designee may approve grants for the approximate amount which he determines the Federal Government would have expended for regulation of coal mining on the Federal lands being regulated by the State, except that no grant may exceed the actual costs to the State.

(d) *Grant periods.* The Director or his authorized designee shall normally approve a grant for a period of one year or less. Consecutive grants shall be awarded to fund approved programs.

(e) *Application procedures.* (1) States with cooperative agreements in effect on August 3, 1977, may apply for cooperative agreement grants using the procedures set forth in § 735.18 (a), (b) and (d).

(2) States with cooperative agreements established in conjunction with approved State regulatory programs may apply for cooperative agreement grants by including a supplement to an annual administration and enforcement grant application submitted according to § 735.18. The State shall include in the supplemental section:

(i) A separate budget summary for the costs of the cooperative agreement in the format specified by OSM; and

(ii) A separate narrative, in the format specified by OSM, describing the specific activities required by the cooperative agreement for the period for which the grant is requested.